

EXHIBIT E

COPY

ORDER NO: 04 204

ENTERED APR 06 2004

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UA 103

In the Matter of)	
)	
PINE TELEPHONE SYSTEM, INC. and)	
OREGON TELEPHONE CORPORATION)	ORDER
)	
Transfer of telephone service from Oregon)	
Telephone Corp. to Pine Telephone System,)	
Inc.)	

**DISPOSITION: APPLICATION TO TRANSFER TERRITORIES
APPROVED**

On December 17, 2003, the Public Utility Commission of Oregon (Commission) received a joint application from Pine Telephone System, Inc. (Pine Telephone) and Oregon Telephone Corporation (Oregon Telephone), pursuant to ORS 759.510 and OAR 860-034-0490, requesting that the Commission issue an order transferring rights to allocated service territories between Pine Telephone and Oregon Telephone. Pine Telephone seeks to provide telephone service in the service territory of Oregon Telephone and Oregon Telephone seeks to provide telephone service in the service territory of Pine Telephone. Pine Telephone intends to incorporate the transferred territory into its Granite Exchange. Oregon Telephone intends to incorporate the transferred territory into its Hereford-Unity Exchange.

The Commission published notice of the application pursuant to ORS 759.535(2). Notice was published in the Baker City Herald on February 4 and 11, 2004. The notice stated that any affected party or customer may request a hearing within thirty (30) days of the notice. No person filed comments or a request for hearing.

Commission Staff investigated the matter and filed a report with the Commission on February 10, 2004. The report does not object to granting the requested application. The report includes exhibits describing and illustrating the service territories prior to and after the proposed transfers. The report indicates that Staff reviewed these descriptions and illustrations and found them to be accurate. A copy of Staff's report, with the exhibits describing and illustrating the territories, is attached to this order as Appendix A.

The Commission granted Pine Telephone authority to provide telecommunications services in an area called Stices Gulch as part of Pine Telephone's Granite Exchange in Order No. 00-420. Stices Gulch is not contiguous to the primary portion of the Granite Exchange as Qwest Corporation's (Qwest) Sumpter Exchange intersects the two parts of the exchange.

Rather than continuing to lease a cable route from Qwest to connect Stices Gulch, Pine Telephone desires to construct a cable route from Stices Gulch to the Sumpter Exchange that connects with its central office in the Granite Exchange. Although the cable route is not yet finalized, Pine Telephone plans to route the cable past several parcels of private property that are adjacent to the north end of Pine Telephone's Stices Gulch area, but currently in Oregon Telephone's service territory. This area is included in the service territory that Pine Telephone requests be transferred from Oregon Telephone and incorporated into Pine Telephone's Granite Exchange. Appendix A to this order contains a metes and bounds description of the Granite Exchange after the proposed transfer of service territory.

The territory subject to Pine Telephone's transfer request is currently unserved and is approximately ten miles from the nearest area served by Oregon Telephone. Pine Telephone represents that it can provide service to subscribers in the area more economically than Oregon Telephone. Pine Telephone has determined that existing cost recovery mechanisms, including access charges, federal universal service support, and local rates are adequate to support a Stices Gulch – Sumpter – Granite cable route and to provide telephone service from the route without the imposition of line extension charges. Telephone traffic within the Granite Exchange will be local while traffic to other exchanges will be subject to toll charges.

The south end of Stices Gulch is within three miles of Oregon Telephone's Hereford-Unity Exchange. Oregon Telephone requests the transfer of Pine Telephone territory in the southern end of Stices Gulch to Oregon Telephone's Hereford-Unity Exchange. Appendix A to this order contains a metes and bounds description of the Hereford-Unity Exchange after the proposed transfer of service territory.

The territory subject to Oregon Telephone's transfer request is currently unserved. Pine Telephone would have to construct approximately ten miles of plant to serve the area. Oregon Telephone has concluded that it can more economically serve the area and that existing cost recovery mechanisms, including access charges, federal universal service support, and local rates are adequate to support the construction of telephone plant to serve subscribers in the area. Oregon Telephone asserts that the Hereford-Unity exchange would be expanded to include the area acquired from Pine Telephone and that traffic within the exchange would be local.

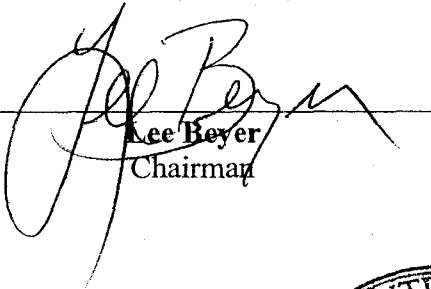
The Commission has reviewed the joint application of Pine Telephone and Oregon Telephone and finds the proposed transfer of service territory to be geographically and economically reasonable. The proposed transfer is not contrary to the public interest and is approved.

Pine Telephone should file a revised map of its Granite Exchange and Oregon Telephone should file a revised map of its Hereford-Unity Exchange to reflect the transfers of territories.

IT IS ORDERED THAT:

- (1) The joint application for transfer of territories between Pine Telephone System, Inc. and Oregon Telephone Corporation, as described in Appendix A is approved.
- (2) Pine Telephone System, Inc. and Oregon Telephone Corporation shall file revised, signed, and dated maps of the new Granite and Hereford-Unity Exchanges within 30 days of this order.

Made, entered, and effective APR 06 2004.


Lee Beyer
Chairman


John Savage
Commissioner


Ray Baum
Commissioner



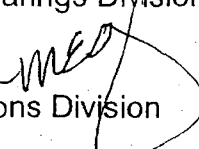
A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

ORDER NO.

PUBLIC UTILITY COMMISSION OF OREGON
Interoffice Correspondence

DATE: February 10, 2004

TO: Traci Kirkpatrick
Administrative Hearings Division

FROM: Marlene Gorsuch 
Telecommunications Division

SUBJECT: UA 103 – Pine Telephone Systems, Inc. & Oregon Telephone Corporation
Application for Allocation of Territory

This memo provides information regarding Pine Telephone Systems, Inc. (Pine Telephone) and Oregon Telephone Corporation's (Oregon Telephone) joint application in Docket UA 103 for allocation of territory.

Background:

Pine Telephone and Oregon Telephone are applying jointly to transfer to Pine Telephone the right to provide telephone service to territory currently in the service territory of Oregon Telephone. In addition, the Companies are applying jointly to transfer to Oregon Telephone the right to provide telephone service to territory currently in the service territory of Pine Telephone. Both areas involved currently do not have telephone service.

Pine Telephone intends to incorporate the territory being transferred to it into the Stices Gulch portion of its Granite Exchange. Oregon Telephone intends to incorporate the territory being transferred to it into its Hereford-Unity Exchange. The exchange of territories will take place in the Stices Gulch – Black Mountain Territory. Please see the attached map, which shows the relationship of the two areas.

Pine Telephone Costs:

Pine Telephone has concluded that the existing cost recovery mechanisms, including access charges, federal universal service support, and local rates are adequate to support the construction of the Stices Gulch – Sumpter – Granite cable route as well as provide telephone service to subscribers from such a route.

Pine Telephone would like to construct its own cable route from Stices Gulch to Sumpter to connect with Pine's Granite central office, rather than use the present route leased from Qwest Corporation to connect Stices Gulch. The exact cable route is not yet finalized, but it will pass by several parcels of private property in the area included

ORDER NO.

Docket UA 103
February 10, 2004
Page 2

in the transfer request between Pine Telephone and Oregon Telephone. This area is adjacent to the north end of Pine Telephone's service area at Stices Gulch.¹ It is eight to ten miles from Oregon Telephone's nearest service. Pine Telephone can provide service to subscribers in the area more economically than Oregon Telephone. There will be no line extension charges to the subscribers along the Stices Gulch – Sumpter – Granite cable route. Telephone traffic within the Granite Exchange will be local, without toll charges. However, as is currently the case, telephone traffic from all areas to Sumpter, Baker, and elsewhere will be toll traffic

Pine Telephone's monthly rates are:

	<u>Residence One-Party</u>	<u>Business One-Party</u>
Granite Exchange	\$10.00	\$15.00

Oregon Telephone Costs:

Oregon Telephone has concluded that the existing cost recovery mechanisms, including access charges, federal universal service support, and local rates, are adequate to support the construction of telephone plant to serve subscribers from the area to be transferred from Pine Telephone.

The territory that Oregon Telephone wants to transfer from Pine Telephone is part of the territory that was transferred to Pine Telephone from Qwest Corporation.² In that transfer transaction, Qwest required that Pine take the entire Stices Gulch area. The south end of the territory is within three miles of Oregon Telephone's Hereford-Unity Exchange and could be much more economically served by them. Pine would otherwise have to construct eight to ten miles of plant to reach this area.

Rates will be the same in all areas of the Hereford-Unity Exchange. Currently, it is undetermined whether there will be line extension charges to new subscribers in the acquired area.

¹ Stices Gulch is part of Pine Telephone's Granite Exchange, but it is not contiguous to the main portion of the Granite Exchange. Qwest Corporation's Sumpter Exchange lies between the two parts of Pine Telephone's Granite Exchange.

² See Order No. 00-420, docket UA 87, August 1, 2000.

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Page 3

Oregon Telephone's monthly rates are:

	<u>Residence One-Party</u>	<u>Business One-Party</u>
Hereford-Unity Exchange	\$10.95	\$15.50
EAS Additive	\$10.55	\$14.85

The Company does not offer multiparty service. Telephone traffic within the Hereford-Unity Exchange will be local, i.e. no toll charges. However, as is currently the case, EAS and toll traffic from the new combined Hereford-Unity Exchange will remain consistent with that currently in effect. The Hereford-Unity Exchange was granted extended area service to Baker effective August, 2001.

The project will be financed by a loan from the Rural Utilities Service (RUS), formerly known as the REA. Service to these two areas will be economic for Pine Telephone and Oregon Telephone because they are small utilities and have access to federal universal service support money, the Oregon Customer Access Fund (OCAF), and the loan from RUS. Larger utilities, such as neighboring Qwest, generally do not have access to RUS loans, OCAF funds, or federal universal service support money. In addition to local rates, Pine Telephone and Oregon Telephone also receive access charge revenue from long distance carriers for toll traffic to and from these exchanges.

Description of Allocated Territory:

Exhibits A & C of this joint application illustrate Area-B, Stices Gulch, of Pine Telephone's Granite Exchange as it is currently and that which is proposed, respectively. Exhibits B & D are the metes and bounds legal descriptions of Exhibits A & C.

Exhibits F & H of this joint application illustrate Oregon Telephone's Hereford-Unity Exchange as it is currently and that which is proposed, respectively. Exhibits G & I are the metes and bounds legal descriptions of Exhibits F & H.

These descriptions are accurate. Exhibit E is a more detailed map showing the areas to be exchanged. Staff requests that the final order in this proceeding, Docket UA 103, include the descriptions in an appendix to the order. In that way, the description of the allocated territory is officially adopted and permanently memorialized.

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February 10, 2004
Page 4

Revised Exchange Map:

After the Commission issues an order in Docket UA 103, assuming the Commission grants Pine Telephone and Oregon Telephone's application to allocate territory, both companies will need to file revised maps of the Granite and Hereford-Unity Exchanges. Each will have an effective date and title information similar to a tariff page.

Staff requests that the final order contain an ordering paragraph directing Pine Telephone and Oregon Telephone to file, within 30 days of the order, new maps of the revised Granite and Hereford-Unity Exchanges.

cc: Rodney Huff – Pine Telephone System, Inc.
Garrin Bott – Oregon Telephone Corporation
Craig Blair – GVNW
Tom Harris - PUC

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

In the Matter of the Application to)	
Transfer Rights to Allocated)	Application of Pine Telephone
Territory)	System, Inc. & Oregon Telephone
)	Corporation
)	

1 COMES NOW Pine Telephone System, Inc. ("Pine Telephone") and Oregon Telephone
2 Corporation (Oregon Telephone) (jointly "the Companies") and applies pursuant to ORS
3 759.510 and OAR 860-034-0490 for an order to transfer to Pine Telephone the right to
4 provide telephone service to territory currently in the service territory of Oregon
5 Telephone. In addition, the Companies apply pursuant to ORS 759.510 and OAR 860-
6 034-0490 for an order to transfer to Oregon Telephone the right to provide telephone
7 service to territory currently in the service territory of Pine Telephone. Both areas
8 involved currently do not have telephone service. Pine Telephone intends to incorporate
9 the territory being transferred to it into its Granite Exchange. Oregon Telephone intends
10 to incorporate the territory being transferred to it into its Hereford-Unity Exchange. The
11 swap of territories would take place in the Stices Gulch - Black Mountain Territory.

12

13 The attached Exhibits A & C illustrate Area-B, Stices Gulch, of Pine Telephone's Granite
14 Exchange as it is currently and that which is proposed, respectively. Exhibits B & D are
15 the legal descriptions of Exhibits A & C. Exhibit E is a more detailed map showing the
16 areas to be exchanged. The attached Exhibits F & H illustrate Oregon Telephone's

1 Hereford-Unity Exchange as it is currently and that which is proposed, respectively.

2 Exhibits G & I are the legal descriptions of Exhibits F & H.

3

4 Pine Telephone would like to construct its own route from Stices Gulch to Sumpter to

5 connect with Pine's Granite central office rather than use the present route leased from

6 Qwest to connect Stices Gulch. The exact cable route is not yet finalized at this time but

7 will pass by several parcels of private property in the area that Pine Telephone's wishes

8 to attain from Oregon Telephone. This area is adjacent to the North end of Pine

9 Telephone's service area at Stices Gulch. It is eight to ten miles from Oregon

10 Telephone's nearest service. Pine could provide service to subscribers in the area more

11 economically than Oregon Telephone. Financing for this project has been secured

12 through the Rural Utilities Service (RUS). Construction of the Stices Gulch - Sumpter -

13 Granite Cable route will begin in the Spring of 2004.

14

15 Pine Telephone has concluded that the existing cost recovery mechanisms, including

16 access charges, federal universal service support, and local rates, are adequate to support

17 the construction of the Stices Gulch - Sumpter - Granite Cable route as well as provide

18 telephone service to subscribers from such route.

19

20 Rates for residential and business service in the Granite Exchange are \$10.00 and \$15.00,

21 respectively. The local calling area for the Granite Exchange would be expanded to

22 include the area along the Stices Gulch - Sumpter - Granite Cable route. Rates will be

23 the same in all areas of the Granite Exchange. There will be no line extension charges to

24 the subscribers along the Stices Gulch - Sumpter - Granite Cable route. Telephone

1 traffic within the Granite Exchange will be local, without toll charges. However, as is
2 currently the case, telephone traffic from all areas to Sumpter, Baker City, and elsewhere
3 will be toll traffic.

4
5 The territory that Oregon Telephone wishes to attain from Pine Telephone is part of the
6 territory that was transferred to Pine Telephone from Qwest in the past. Qwest required
7 that Pine Telephone attain the entire Stices Gulch area. The south end of the territory is
8 within a mile and one-half of Oregon Telephone's Hereford-Unity Exchange and could
9 be much more economically served by them. Pine would otherwise have to construct
10 eight to ten miles of plant to reach this area.

11
12 Oregon Telephone has concluded that the existing cost recovery mechanisms, including
13 access charges, federal universal service support, and local rates, are adequate to support
14 the construction of telephone plant to serve subscribers from the area to be obtained from
15 Pine Telephone.

16
17 Rates for residential and business service in the Hereford-Unity exchange are \$10.95 and
18 \$15.50, respectively. The local calling area for the Hereford-Unity Exchange would be
19 expanded to include the area acquired from Pine Telephone. Rates will be the same in all
20 areas of the Hereford-Unity exchange. Currently, it is undetermined whether there will
21 be line extension charges to new subscribers in the acquired area. Telephone traffic
22 within the Hereford-Unity exchange will be local, without toll charges. Traffic between
23 the Hereford-Unity exchange and Baker, Oregon falls under EAS. Rates for residential

1 and business EAS to Baker are currently \$10.55 and \$14.85, respectively. Telephone
2 traffic between the Hereford-Unity exchange and elsewhere will be toll traffic.

3

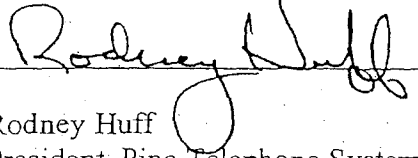
4 Pine Telephone and Oregon Telephone respectfully request Commission approval of this
5 application to exchange service areas.

6

7 DATED this 4th day of Oct, 2003.

8

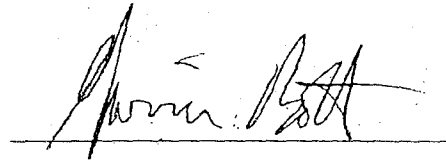
By



9

Rodney Huff
President, Pine Telephone System, Inc.

10



Garrin Bott
President, Oregon Telephone Corp.

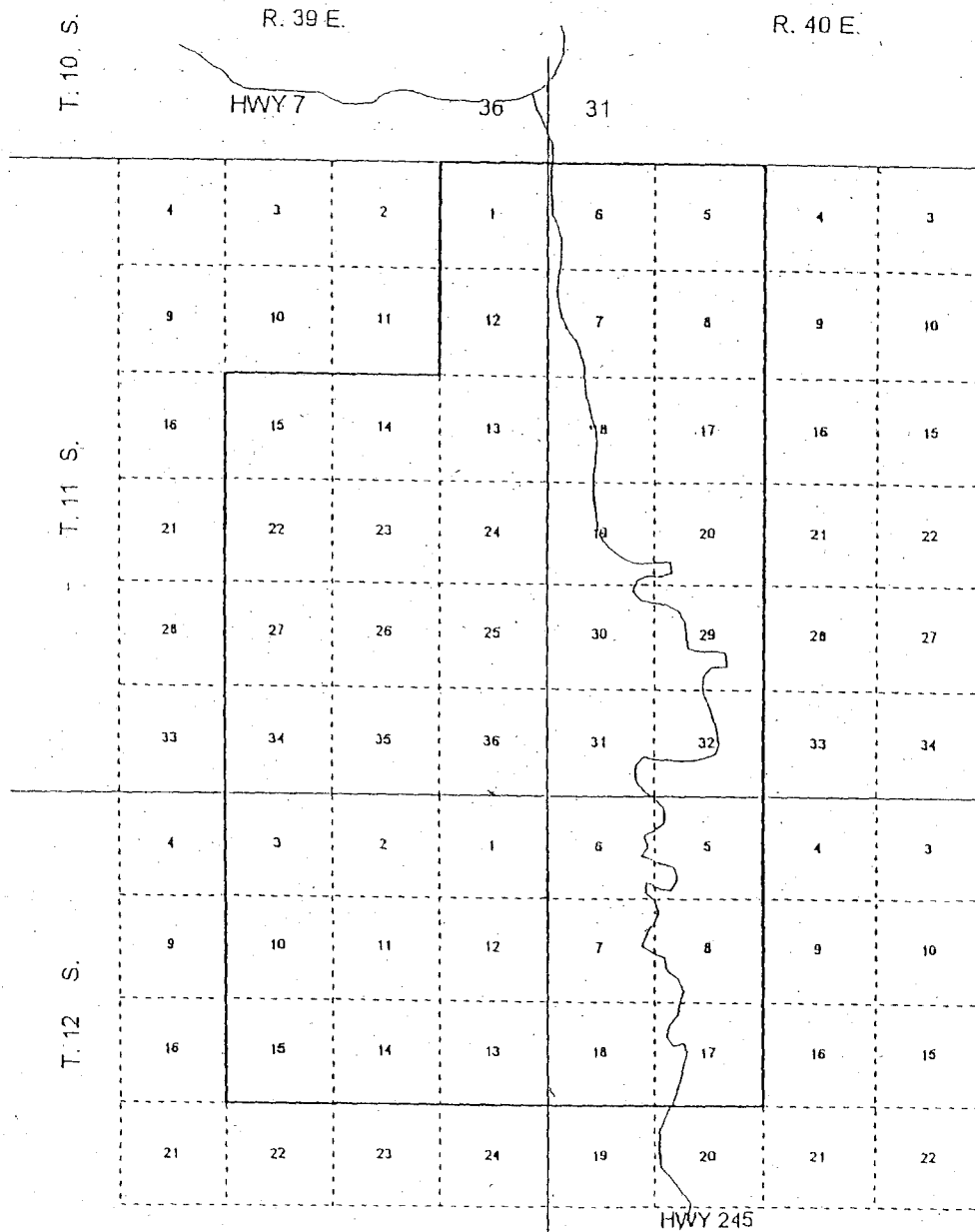
MAPS

ORDER NO.

GRANITE EXCHANGE

AREA - B

STICES GULCH

APPENDIX A
PAGE 9 OF 17

Advice No.

Issued

8-2-2000

Effective

8-2-2000

Issued by

Rodney Bell

Title

PRESIDENT

STICES GULCH SERVICE BOUNDARY DESCRIPTION
GRANITE EXCHANGE ADDITION

BEGINNING at the southeast corner, Section 17, T-12-S, R-40-E, of the Willamette Meridian, Baker County, Oregon;
THENCE, west to the southwest corner, Section 15, T-12-S, R-39-E;
THENCE, north to the northwest corner, Section 15, T-11-S, R-39-E;
THENCE, east to the northwest corner, Section 13, T-11-S, R-39-E;
THENCE, north to the northwest corner, Section 1, T-11-S, R-39-E;
THENCE, east to the northeast corner, Section 5, T-11-S, R-40-E;
THENCE, south to the point of beginning being the southeast corner, Section 17, T-12-S, R-40-E, of the Willamette Meridian, Baker County, Oregon.

APPENDIX A
PAGE 10 OF 17

Advice No. _____

Issued 8-2-2000Effective 8-2-2000Issued by Rodney HuffTitle PRESIDENT

PUC Or. No.

Original Sheet No. 600.3

Pine Telephone System, Inc.

MAPS

ORDER NO.

GRANITE EXCHANGE

STICES GULCH / BLACK MOUNTAIN AREA

R. 38 E.

R. 39 E.

R. 40 E.

T. 11 S.	2	1	6	5	4	3	2	1	6	5	4
	11	12	7	8	9	10	11	12	7	8	9
	14	13	18	17	16	15	14	13	18	17	16
	23	24	19	20	21	22	23	24	19	20	21
	26	25	30	29	28	27	26	25	30	29	28
	35	36	31	32	33	34	35	36	31	32	33

APPENDIX A
PAGE 11 OF 17

Advice No.

Issued

Effective

Issued by

Title

PRESIDENT

STICES GULCH SERVICE BOUNDARY DESCRIPTION
GRANITE EXCHANGE ADDITION

BEGINNING at the southeast corner, Section 32, T-11-S, R-40-E, of the Willamette Meridian, Baker County, Oregon;
THENCE, west to the southwest corner, Section 31, T-11-S, R-40-E;
THENCE, north to the northwest corner, Section 31, T-11-S, R-40-E;
THENCE, west to the southwest corner, Section 27, T-11-S, R-39-E;
THENCE, north to the northwest corner, Section 27, T-11-S, R-39-E;
THENCE, west to the southwest corner, Section 24, T-11-S, R-38-E;
THENCE, north to the northwest corner, Section 1, T-11-S, R-38-E;
THENCE, east to the northeast corner, Section 4, T-11-S, R-39-E;
THENCE, south to the southeast corner, Section 9, T-11-S, R-39-E;
THENCE, east to the southwest corner, Section 12, T-11-S, R-39-E;
THENCE, north to the northwest corner, Section 1, T-11-S, R-39-E;
THENCE, east to the northeast corner, Section 5, T-11-S, R-40-E;
THENCE, south to the point of beginning being the southeast corner, Section 32, T-11-S, R-40-E, of the Willamette Meridian, Baker County, Oregon.

APPENDIX A
PAGE 12 OF 17

Advice No. _____

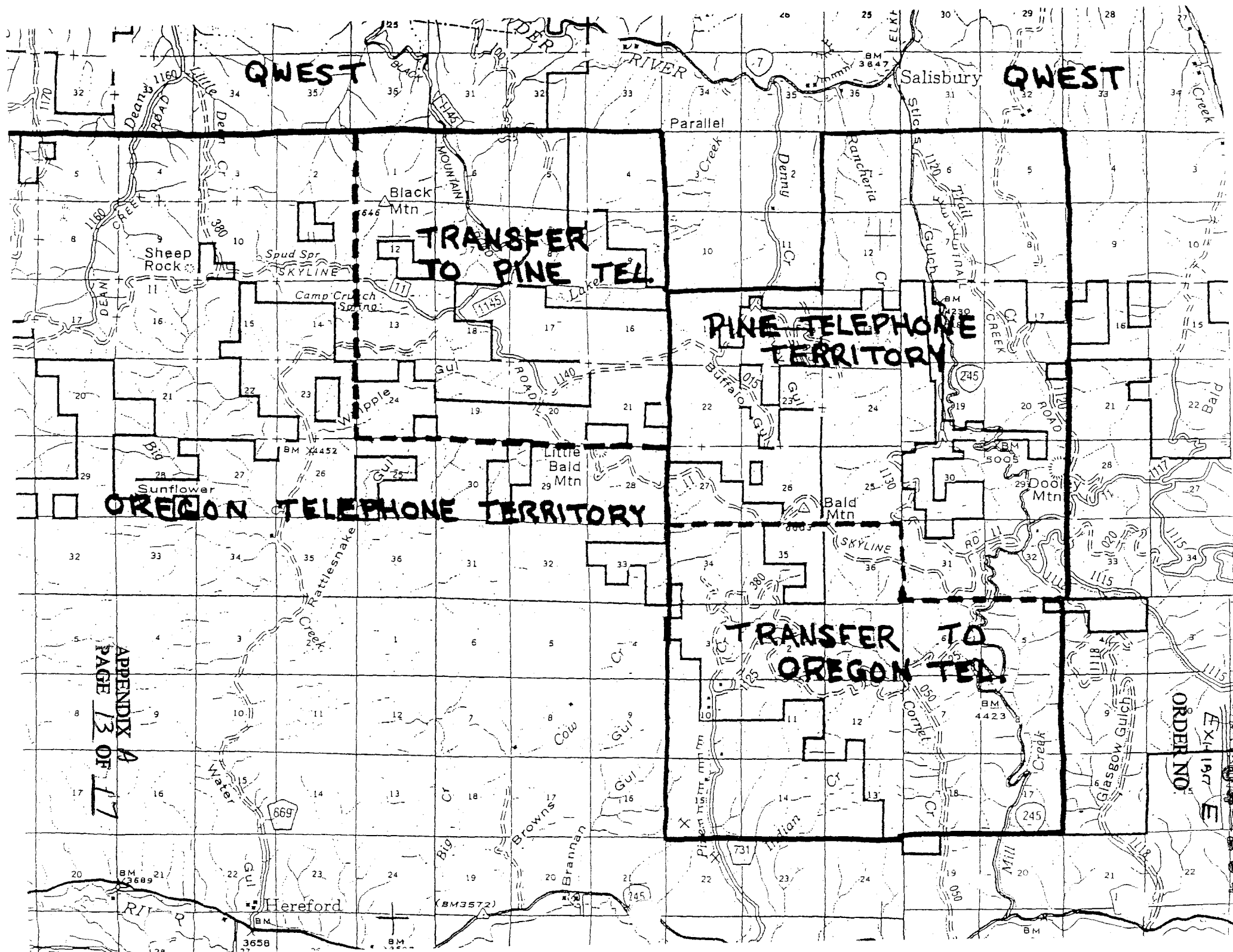
Issued _____

Effective _____

Issued by _____

Title _____

PRESIDENT



ORDER NO

EX-197

[illegible]

FOR RECPY

Exit F

Exhibit F

N

APPENDIX A
PAGE 14 OF 17

Exhibit G

OREGON TELEPHONE CORPORATION

FOR RECPT
STAMPHEREFORD-UNITY-BRIDGEPORT-IRONSIDE
EXCHANGE AREA DESCRIPTION

Point of Beginning NE corner of Section 4 T.11S., R.39E., W.M.;
thence South NE corner of Section 21 T.12S., R.39E.;
thence East to the NE corner of Section 24 T.12S., R.41E.;
thence South to the SE corner of Section 12 T.13S., R.41E.;
thence West to the SE corner of Section 7 T.13S., R.41E.;
thence South to the SE corner of Section 6 T.14S., R.41E.;
thence West to the SE corner of Section 3 T.14S., R.40E.;
thence South to the SE corner of Section 10 T.14S., R.40E.;
thence West to the SE corner of Section 9 T.14S., R.40E.;
thence South to the SE corner of Section 16 T.14S., R.40E.;
thence West to the SE corner of Section 13 T.14S., R.39E.;
thence South to the SE corner of Section 25 T.14S., R.39E.;
thence East to the NE corner of Section 33 T.14S., R.40E.;
thence South to the SE corner of Section 33 T.14S., R.40E.;
thence East to the NE corner of Section 4 T.15S., R.41E.;
thence South to the SE corner of Section 4 T.15S., R.41E.;
thence East to the NE corner of Section 10 T.15S., R.41E.;
thence south to the SE corner of Section 10 T.15S., R.41E.;
thence West to the SW corner of Section 9 T.15S., R.40E.;
thence North to the NE corner of Section 5 T.15S., R.40E.;
thence West to the NE corner of Section 5 T.15S., R.39E.;
thence South to the SE corner of Section 8 T.15S., R.39E.;
thence West to the SW corner of Section 7 T.15S., R.39E.;
thence North to the NW corner of Section 6 T.15S., R.39E.;
thence West to the SW corner of Section 31 T.14S., R.36E.;
thence North to the NW corner of Section 6 T.11S., R.36E.;
thence East to the Point of the Beginning.

ADVICE NO. _____

ISSUED _____

EFFECTIVE _____

ISSUED BY _____

TITLE _____

APPENDIX A
PAGE 15 OF 17

PUC OR No.

ORDER NO.

04 204
EXHIBIT H

OREGON TELEPHONE CORPORATION

FOR RECEIPT
STAMP

HEREFORD-UNITY-BRIDGEPORT-IRONSIDE
EXCHANGE AREA

PROPOSED TERRITORY

N

R36E						R37E						R38E						R39E						R40E						R41E					
5	5	4	3	2	1	5	5	4	3	2	1	5	5	4	3	2	1	5	5	4	3	2	1	5	5	4	3	2	1	5	5	4	3	2	1
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5	5	4	3	2	1	5	5	4	3	2	1	5	5	4	3	2	1	5	5	4	3	2	1	5	5	4	3	2	1	5	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12	7	8	9	10	11	12	7	8	9	10	11	12	7	8	9	10	11	12	7	8	9	10	11	12
18	17	16	15	14	13	18	17	16	15	14	13	18	17	16	15	14	13	18	17	16	15	14	13	18	17	16	15	14	13	18	17	16	15	14	13
19	20	21	22	23	24	19	20	21	22	23	24	19	20	21	22	23	24	19	20	21	22	23	24	19	20	21	22	23	24	19	20	21	22	23	24
30	29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	35	36
5	5	4	3	2	1	5	5	4	3	2	1	5	5	4	3	2	1	5	5	4	3	2	1	5	5	4	3	2	1	5	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12	7	8	9	10	11	12	7	8	9	10	11	12	7	8	9	10	11	12	7	8	9	10	11	12
18	17	16	15	14	13	18	17	16	15	14	13	18	17	16	15	14	13	18	17	16	15	14	13	18	17	16	15	14	13	18	17	16	15	14	13
19	20	21	22	23	24	19	20	21	22	23	24	19	20	21	22	23	24	19	20	21	22	23	24	19	20	21	22	23	24	19	20	21	22	23	24
30	29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	35	36

T11S

T12S

T13S

T14S

T15S

ADVICE NO.

ISSUED

EFFECTIVE

ISSUED BY

TITLE

APPENDIX 4
PAGE 16 OF 17

OREGON TELEPHONE CORPORATION

FOR RECPT
STAMPHEREFORD-UNITY-BRIDGEPORT-IRONSIDE
EXCHANGE AREA DESCRIPTION

Exhibit I

Point of Beginning NE corner of Section 2 T.11S., R.38E., W.M.;
thence South NE corner of Section 26 T.11S., R.38E.;
thence West to the NE corner of Section 28 T.11S., R.39E.;
thence South to the NE corner of Section 33 T.11S., R.39E.;
thence East to the NE corner of Section 36 T.11S., R.39E.;
thence South to the NE corner of Section 1 T.12S., R.39E.;
thence East to the NE corner of Section 5 T.12S., R.40E.;
thence South to the NE corner of Section 20 T.12S., R.40E.;
thence East to the NE corner of Section 24 T.12S., R.41E.;
thence South to the SE corner of Section 12 T.13S., R.41E.;
thence West to the SE corner of Section 7 T.13S., R.41E.;
thence South to the SE corner of Section 6 T.14S., R.41E.;
thence West to the SE corner of Section 3 T.14S., R.40E.;
thence South to the SE corner of Section 10 T.14S., R.40E.;
thence West to the SE corner of Section 9 T.14S., R.40E.;
thence South to the SE corner of Section 16 T.14S., R.40E.;
thence West to the SE corner of Section 13 T.14S., R.39E.;
thence South to the SE corner of Section 25 T.14S., R.39E.;
thence East to the NE corner of Section 33 T.14S., R.40E.;
thence South to the SE corner of Section 33 T.14S., R.40E.;
thence East to the NE corner of Section 4 T.15S., R.41E.;
thence South to the SE corner of Section 4 T.15S., R.41E.;
thence East to the NE corner of Section 10 T.15S., R.41E.;
thence South to the SE corner of Section 10 T.15S., R.41E.;
thence West to the SW corner of Section 9 T.15S., R.40E.;
thence North to the NE corner of Section 5 T.15S., R.40E.;
thence West to the NE corner of Section 5 T.15S., R.39E.;
thence South to the SE corner of Section 8 T.15S., R.39E.;
thence West to the SW corner of Section 7 T.15S., R.39E.;
thence North to the NW corner of Section 6 T.15S., R.39E.;
thence West to the SW corner of Section 31 T.14S., R.36E.;
thence North to the NW corner of Section 6 T.11S., R.36E.;
thence East to the Point of the Beginning.

ADVICE NO. _____

ISSUED _____

EFFECTIVE _____

ISSUED BY _____

TITLE _____

APPENDIX A
PAGE 17 OF 17

EXHIBIT F

COST/AVERAGE SCHEDULE ISSUE

Issue Number: 8.5 DATA REPORTING ON CROSS-STUDY AREA SERVICES

Issue Date: 5/96 (Revised 10/96, 6/97)

Issue: What approval is necessary for member exchange carriers to report data to NECA for regulated telephone service provided beyond its study area boundaries?

Issue

If a NECA member exchange carrier directly provides regulated local telephone exchange service beyond its local exchange franchise or service territory, determined as of November 15, 1984, must it obtain a waiver of the FCC's "frozen study area" rule before reporting data on the associated costs, loops, etc. to NECA for USF and pooling purposes?

Rules

The Part 36 rules state that "study area boundaries shall be frozen as they are on November 15, 1984."¹ The study area boundaries are frozen for separations purposes with USF calculated separately for each study area. The rule was promulgated by the Commission in response to concerns, voiced by the Federal-State Joint Board in CC Docket 80-286, that telephone companies might attempt to "spin off" high cost exchanges within existing study areas as separate companies to maximize USF support.² The Joint Board described its understanding of the new definition as follows:

"Under the [frozen study area] approach an existing company study area purchased by a holding company which owned other companies within the same state could continue to be treated separately for separations purposes. Areas in which telephone service was instituted for the first time could also be treated as a separate study area if separately

¹ 47 C.F.R. §36 Appendix-Glossary.

² Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board, CC Docket No. 80-286, Decision and Order, 97 FCC Rcd 682 (1984).

COST/AVERAGE SCHEDULE ISSUE

Issue Number: 8.5 DATA REPORTING ON CROSS-STUDY AREA SERVICES
(CONT'D)

Rules (cont'd)

incorporated. In either case, the parent company would also have the option of folding the new service territory into one of its existing companies and using the average NTS costs for the expanded service area in determining the high cost assistance. We expect this to be the case when the benefits of consolidated operations exceed the reduction in high cost support. However, companies would be prohibited from setting up high cost exchanges within their existing service territory as separate companies to maximize high cost support. This definition would facilitate administration of the high cost fund, eliminate record keeping burdens, and remove the disincentive for purchase of high cost companies or expansion of service into high cost areas..."³

Analysis

Since the FCC does not regulate local exchange service territories or franchises per se, it appears that the "frozen study area rule" applies only to telephone company accounting, separations, and tariffing practices.⁴ Under this interpretation, a telephone company would not require a waiver of the rule to offer local exchange service outside its study area boundary, but would require a waiver to include the costs and revenues associated with providing such service in its interstate tariffs. This, in turn, suggests

³ MTS and WATS Market Structure, CC Docket No. 80-286, Recommended Decision and Order, (Federal-State Joint Board, CC 1001, Released Nov. 23, 1984), 49 Fed. Reg. 48325, 48337-38 (Dec. 12, 1984) (Joint Board Order) (emphasis added).

⁴ The Commission has broad jurisdiction over rates and accounting methods. The part 32 rules, for example, establish specific accounting rules for telephone companies. Part 36, which contains the "frozen study area rule" in its Appendix-Glossary, provides specific direction to telephone companies with respect to allocation of investment, revenues, and expenses, taxes, and reserves between the state and interstate jurisdictions. Part 36 rules also govern USF expense adjustment calculations and USF data reporting to NECA. The Part 69 rules provide direction regarding access tariffs, pooling, and NECA governance and operations, and specifically direct NECA to bill, collect and distribute USF and Lifeline Assistance amounts to qualified carriers.

COST/AVERAGE SCHEDULE ISSUE

Issue Number: 8.5 DATA REPORTING ON CROSS-STUDY AREA SERVICES
(CONT'D)

Analysis (Cont'd)

that NECA should not accept data on investment, expenses, revenues or presubscribed lines associated with access service provided outside of a company's frozen study area boundary unless the FCC grants a waiver of the study area rule.

To resolve member company questions, NECA sent a letter to the Commission seeking clarification of the study area wavier rule.⁵ On July 16, 1996 the Commission released a Memorandum Opinion and Order (MO&O)⁶ responding to NECA's letter of November 29, 1995. In the MO&O, the Commission clarified the frozen study area boundary rule by identifying the circumstances under which waivers would not be necessary. Study area waivers are required whenever a company seeks to create or reconfigure study areas except when:

- a) A separately incorporated company is establishing a study area for a previously unserved territory (see attachment A for guidelines for unserved territories).
- b) A company is combining a previously unserved territory with one of its existing study areas in the same state.
- c) A holding company is consolidating existing study areas in the same state.

⁵ Letter of Richard A. Askoff, NECA, to Kenneth Moran, Chief, FCC Accounting and Audits Division (November 29, 1995).

⁶ Request for Clarification Filed by the National Exchange Carrier Association, Inc. and Petitions for Waivers Filed by Alaska Telephone Company, Ducor Telephone Company and Kingsgate Telephone, Inc. Concerning the Definition of "Study Area" Contained in the Part 36 Appendix-Glossary of the Commission's Rules, Memorandum Opinion and Order, 11 FCC Rcd 8156 (1996).

COST/AVERAGE SCHEDULE ISSUE

**Issue Number: 8.5 DATA REPORTING ON CROSS-STUDY AREA SERVICES
(CONT'D)**

Analysis (Cont'd)

The Commission considered, but was not persuaded, that a standard should be established that would eliminate the need for waiver petitions for transfers of exchanges serving small numbers of subscribers. The Commission deferred action on this consideration to the outcome of the reform of universal service rules scheduled for May 8, 1997 completion.

Conclusion

Except for those situations described in the preceding paragraph, NECA will not accept data for pooling and USF purposes for services provided to customers outside the frozen study area boundaries unless an FCC study area waiver is obtained. This includes reporting of access revenues from customers outside the frozen study area. In the absence of such a waiver, all costs associated with the facilities providing service outside the study area boundaries should be removed prior to application of the separations process and USF reporting. Additionally, any associated traffic measurements should be adjusted accordingly. Part 64 type principles should be applied to exclude costs of providing out-of-boundary services (see attachment B for cost companies and attachment C for average schedule companies).

This issue addresses only those situations where a NECA member exchange carrier provides local exchange service directly to subscribers outside of its frozen study area.⁷ NECA does not take any position on whether non-member carriers are subject to the FCC's accounting rules. Member companies that provide local exchange services outside of their frozen study area indirectly (*i.e.*, through a separate subsidiary, partnership, joint venture, consortium or similar structure) are required to comply with the affiliate transaction rules specified in Parts 32 and 64 of the Commission's rules. Costs and revenues associated with unregulated services provided by NECA member companies, and regulated services provided by non-member affiliates of NECA

⁷ For example, this issue does not apply to jointly provided services between member exchange carriers.

COST/AVERAGE SCHEDULE ISSUE

**Issue Number: 8.5 DATA REPORTING ON CROSS-STUDY AREA SERVICES
(CONT'D)**

Conclusion (cont'd)

companies, are excluded from NECA pooling and USF processes. This treatment is applicable for all data months open under NECA's twenty-four month settlement window.

It is important to note that this issue only addresses circumstances in which NECA will or will not accept data reporting for USF and pooling purposes. NECA is not taking any position on whether an exchange carrier can offer service outside its current study area. Also, because of the uncertainties in this area, ECs involved in providing service outside of the "frozen" study area boundaries need to make their own judgment whether a study area waiver is required based upon Commission rules.

COST/AVERAGE SCHEDULE ISSUE

Issue Number: 8.5 ATTACHMENT A

Unserved Territory

The FCC, in its July 16, 1996 Order, established two conditions when a study area waiver isn't required.

"If a separately incorporated company is establishing a study area for previously unserved territory; or if a company is combining previously unserved territory with one of its existing study areas in the state."

The following scenarios describe the conditions wherein NECA will accept USF and pooling data for a previously unserved territory.

Scenario 1

The area has never been included in any exchange carrier's territory. No company has been authorized to serve the area and no service is currently provided.

The condition described qualifies as "previously unserved territory." To report data to NECA, either as a separate study area, or as part of an existing study area, the EC must provide NECA, in writing, of the facts that support no requirement for a study area waiver. NECA will then accept data for pooling from the exchange carrier providing service.

Scenario 2

The area is in the franchise territory of one exchange carrier, but service is not being provided to customers in the area. State commission authority is not required to transfer territory.

In this case, NECA will require documentation from the EC seeking to serve the area that the EC claims is unserved. The documentation must provide sufficient justification that it is an unserved territory. NECA will then review the matter before accepting pooling and USF data from the EC.

COST/AVERAGE SCHEDULE ISSUE

Issue Number: 8.5 ATTACHMENT A (CONT'D)

Unserved Territory

Scenario 3

The area is in the franchise territory of one exchange carrier, but service is not provided to customers in the area. This is similar to Scenario 2, except that state commission authorization is required in order to change franchise territory boundaries.

In this case, state commission action is required, and appropriate documentation from either the state commission or the EC confirming the state commission decision that the area is an unserved area is required before NECA will accept the data for pooling and USF.

COST/AVERAGE SCHEDULE ISSUE

Issue Number: 8.5 ATTACHMENT B

Exclusion of Data Associated With Cost Issue 8.5 Based on Part 64 Type Principles

Cost Issue 8.5 addresses data reportable to NECA for regulated telephone service provided beyond a member exchange carrier study area boundary. Except for certain limited situations, as described in 8.5, NECA will not accept data for pooling and USF purposes for services provided to customers outside the frozen study area boundaries unless an FCC study area waiver is obtained. In the absence of such a waiver, all costs associated with the facilities providing service outside the study area boundaries should be excluded prior to application of the separations process and USF reporting. Additionally, any associated traffic measurements should be adjusted accordingly. Part 64 type principles should be applied to exclude the cost of providing out-of-boundary services.

The facilities used to provide out-of-boundary services could include loop, end office, and transport facilities, including tandem switching and trunking that transport traffic to and from the out-of-boundary subscriber. Investment and related expenses associated with any of these facilities should be excluded from the amounts subject to separations and from the amounts reported for USF. Appropriate adjustments should be made to the investment and related expenses associated with central office switching, cable and wire facilities, and circuit equipment investment. These adjustments should be made for all facilities that handle traffic for out-of-boundary customers. This should be done using direct assignment based on accounting records where available. Absent specific investment records, attribution based on an allocator logically related to the cost causation should be used. For example, a relationship based on out-of-boundary loops to total loops could be used to apportion investment associated with out-of-boundary services.

Plant related expense such as maintenance, depreciation, property taxes, general support, network support, and corporate operations should be allocated based on the relative out-of-boundary investment and in-boundary investment. If any such expenses are separately identified they may be directly assigned. The basic traffic separations factors used to apply to in-boundary facilities' cost such as dial equipment minutes, exchange trunk minutes, and conversation minute miles should be adjusted to exclude the usage of out-of-boundary services.

COST/AVERAGE SCHEDULE ISSUE

Issue Number: 8.5 ATTACHMENT C

Average Schedule Reporting Considerations

Average schedule companies that provide local exchange service directly to subscribers outside its frozen study area, should adjust their data to remove out-of-boundary lines, facilities, etc., so that it is not reported to NECA for pooling purposes. NECA's average schedule pool procedures will provide specific instructions on how each element should be adjusted. Listed below are specific areas that require data reporting adjustments due to an average schedule company providing out-of-boundary service.

Access Lines and Minutes

Report access lines only for end user customers located within the "frozen" study area and the associated access minutes. Minutes to/from lines used to provide service outside the study area boundary are excluded.

Line Haul

If a local switch serves out of boundary subscribers exclusively, then line haul data for all circuits connected to the switch should be excluded from reporting to NECA. If a switch, whether local end office, host, remote or tandem, serves subscribers both inside and outside of the study area boundary, line haul data for circuits connecting the switch to the network must be adjusted to remove the portion serving subscribers outside the study area boundary.

Intertoll Facilities

The calculation of intertoll dial circuits that are reported for average schedule settlements must be adjusted to exclude the portion of intertoll circuits that serve access lines to subscribers outside of the study area boundary.

EXHIBIT G

COST/AVERAGE SCHEDULE ISSUE

Issue Number: 8.5 **STUDY AREA WAIVERS AND REPORTING DATA
FOR LINES SERVED OUTSIDE FROZEN STUDY
AREA BOUNDARIES**

Issue Date: 5/96 (Revised 10/96, 6/97, 1/06)

Issue: **What approval is necessary for member exchange carriers to
report data to NECA for regulated telephone service provided
beyond its study area boundaries?**

Issue

If a NECA member exchange carrier directly provides regulated local telephone exchange service beyond its local exchange franchise or service territory, determined as of November 15, 1984, must it obtain a waiver of the FCC's "frozen study area" rule before reporting data on the associated costs, loops, etc. to NECA for USF and pooling purposes?

Rules

The Part 36 rules state that "study area boundaries shall be frozen as they are on November 15, 1984."¹ The study area boundaries are frozen for separations purposes with USF calculated separately for each study area. The rule was promulgated by the Commission in response to concerns, voiced by the Federal-State Joint Board in CC Docket 80-286, that telephone companies might attempt to "spin off" high cost exchanges within existing study areas as separate companies to maximize USF support.² The Joint Board described its understanding of the new definition as follows:

"Under the [frozen study area] approach an existing company study area purchased by a holding company which owned other companies within the same state could continue to be treated separately for separations purposes. Areas in which telephone service was instituted for the first time could also be treated as a separate study area if separately

¹ 47 C.F.R. § 36 Appendix-Glossary.

² Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board, CC Docket No. 80-286, Decision and Order, 50 Fed Reg. 939 (1985).

COST/AVERAGE SCHEDULE ISSUE

Rules (Cont'd)

incorporated. In either case, the parent company would also have the option of folding the new service territory into one of its existing companies and using the average NTS costs for the expanded service area in determining the high cost assistance. We expect this to be the case when the benefits of consolidated operations exceed the reduction in high cost support. However, companies would be prohibited from setting up high cost exchanges within their existing service territory as separate companies to maximize high cost support. This definition would facilitate administration of the high cost fund, eliminate record keeping burdens, and remove the disincentive for purchase of high cost companies or expansion of service into high cost areas”³

Analysis

Since the FCC does not regulate local exchange service territories or franchises per se, it appears that the "frozen study area rule" applies only to telephone company accounting, separations, and tariffing practices.⁴ Under this interpretation, a telephone company would not be required to obtain a waiver of the rule to offer local exchange service outside its study area boundary, but would be required to obtain a waiver to include the costs and revenues associated with providing such service in its interstate tariffs and USF data reports. This, in turn, suggests that NECA should not accept data on investment, expenses, revenues or lines associated with access service provided outside of a company's frozen study area boundary unless the FCC grants a waiver of the study area rule.

³ MTS and WATS Market Structure, CC Docket No. 78-72, and Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board, CC Docket No. 80-286, Recommended Decision and Order, 49 Fed. Reg. 48325 (1984) at 48337-38 (Joint Board Order) (*emphasis added*).

⁴ The Commission has broad jurisdiction over rates and accounting methods. The part 32 rules, for example, establish specific accounting rules for telephone companies. Part 36, which contains the "frozen study area rule" in its Appendix-Glossary, provides specific direction to telephone companies with respect to allocation of investment, revenues, and expenses, taxes, and reserves between the state and interstate jurisdictions. Part 36 rules also govern USF expense adjustment calculations and USF data reporting to NECA. The Part 69 rules provide direction regarding access tariffs, pooling, and NECA governance and operations.

COST/AVERAGE SCHEDULE ISSUE

Analysis (Cont'd)

To resolve member company questions regarding the application of this rule, NECA sent a letter to the Commission in 1995 seeking clarification of study area waiver requirements.⁵ On July 16, 1996 the Commission released a Memorandum Opinion and Order (MO&O)⁶ responding to NECA's letter of November 29, 1995. In the MO&O, the Commission clarified the frozen study area boundary rule by identifying the circumstances under which waivers would not be necessary. Study area waivers are required whenever a company seeks to create or reconfigure study areas except when:

- a) A separately incorporated company is establishing a study area for a previously unserved territory.
- b) A company is combining a previously unserved territory with one of its existing study areas in the same state.
- c) A holding company is consolidating existing study areas in the same state.

The Commission considered, but was not persuaded, that a standard should be established that would eliminate the need for waiver petitions for transfers of exchanges serving small numbers of subscribers.⁷

The MO&O did not provide a definition for "unserved" territory. Since the MO&O was released, however, this issue has arisen in the context of several orders responding to petitions for waiver of the frozen study area rule and other related rules.

In the 2004 Skyline Order⁸, the Commission clarified that it "has never enunciated an exception to its study area waiver requirements for unserved areas, nor has the term 'unserved' been defined for purposes of the study area waiver requirements."⁹ The Commission further concluded that treating an area as unserved when it was previously within an existing study area – regardless of whether service is currently provided to

⁵ Letter from Richard A. Askoff, NECA, to Kenneth Moran, Chief, FCC Accounting and Audits Division (November 29, 1995).

⁶ Request for Clarification Filed by the National Exchange Carrier Association, Inc. and Petitions for Waivers Filed by Alaska Telephone Company, Ducor Telephone Company and Kingsgate Telephone, Inc. Concerning the Definition of "Study Area" Contained in the Part 36 Appendix-Glossary of the Commission's Rules, Memorandum Opinion and Order, 11 FCC Rcd 8156 (1996)

⁷ *Id.* at ¶ 8.

⁸ See M&L Enterprises, Inc., d/b/a Skyline Telephone Company, Petition for Waiver of Sections 36.611, 36.612, and 69.2(hh) of the Commission's Rules, CC Docket No. 96-45, Order, 19 FCC Rcd 6761 (2004).

⁹ *Id.* at ¶ 11.

COST/AVERAGE SCHEDULE ISSUE

customers in the area – would be inconsistent with the purpose of the study area freeze.¹⁰ The Skyline Order reiterated that a study area waiver is not required “when a company is combining previously unserved territory with one of its existing study areas in the same state.” But, consistent with the clarification of “unserved”, it would appear that this only applies to territory that is not within an existing study area.

Based on discussions with FCC Staff, state PUC decisions “unallocating” an area without service from one company and transferring that service obligation to another company would not revise a “frozen” study area boundary for federal regulatory purposes. In these situations, a FCC waiver would still be required.

Thus, NECA will not recognize an area as “unserved” unless it has never been included in any exchange carrier’s territory, no company has been authorized to serve the area, and no service in fact is currently provided.

To report data for unserved territories to NECA, either as a separate study area, or as part of an existing study area, the EC must provide NECA with documentation showing that these conditions are met.

Conclusion

Except for those situations described in the preceding paragraph, NECA will not accept data for pooling and USF purposes for services provided to customers outside the frozen study area boundaries unless an FCC study area waiver is obtained. This includes reporting of access revenues from customers outside the frozen study area. In the absence of such a waiver, all costs associated with the facilities providing service outside the study area boundaries should be removed prior to application of the separations process and USF reporting. Additionally, any associated traffic measurements should be adjusted accordingly. Part 64-type principles should be applied to exclude costs of providing out-of-boundary services (see attachment A for cost companies and attachment B for average schedule companies).

This issue addresses only those situations where a NECA member exchange carrier provides local exchange service directly to subscribers outside of its frozen study area.¹¹ NECA does not take any position on whether non-member carriers are subject to the FCC’s accounting rules. Member companies that provide local exchange services outside of their frozen study area indirectly (i.e., through a separate subsidiary,

¹⁰ *Id.* The FCC repeated this position in the 2004 Sandwich Isles Order. See GTE Hawaiian Telephone Company, Inc. Application for Review of a Decision by the Common Carrier Bureau, Sandwich Isles Communications, Inc. Petition for Waiver of Section 36.611 of the Commission’s Rules and Request for Clarification, AAD 97-82, Memorandum Opinion and Order, 19 FCC Rcd 22268 (2004).

¹¹ For example, this issue does not apply to jointly provided services between member exchange carriers.

COST/AVERAGE SCHEDULE ISSUE

partnership, joint venture, consortium or similar structure) are required to comply with the affiliate transaction rules specified in Parts 32 and 64 of the Commission's rules. Costs and revenues associated with unregulated services provided by NECA member companies, and regulated services provided by non-member affiliates of NECA companies, are excluded from NECA pooling and USF processes. This treatment is applicable for all data months open under NECA's twenty-four month settlement window.

It is important to note that this issue only addresses circumstances in which NECA will or will not accept data reporting for USF and pooling purposes. NECA is not taking any position on whether an exchange carrier can offer service outside its current study area.

COST/AVERAGE SCHEDULE ISSUE

Issue Number: 8.5 ATTACHMENT A

Exclusion of Data Associated With Cost Issue 8.5 Based on Part 64 Type Principles

Cost Issue 8.5 addresses data reportable to NECA for regulated telephone service provided beyond a member exchange carrier study area boundary. Except for certain limited situations, described in Cost Issue 8.5, NECA will not accept data for pooling and USF purposes for services provided to customers outside the frozen study area boundaries unless an FCC study area waiver is obtained. In the absence of such a waiver, all costs associated with the facilities providing service outside the study area boundaries should be excluded prior to application of the separations process and USF reporting. Additionally, any associated traffic measurements should be adjusted accordingly. Part 64-type principles should be applied to exclude the cost of providing out-of-boundary services.

The facilities used to provide out-of-boundary services could include loop, end office, and transport facilities, including tandem switching and trunking that transport traffic to and from the out-of-boundary subscriber. Investment and related expenses associated with any of these facilities should be excluded from the amounts subject to separations and from the amounts reported for USF. Appropriate adjustments should be made to the investment and related expenses associated with central office switching, cable and wire facilities, and circuit equipment investment. These adjustments should be made for all facilities that handle traffic for out-of-boundary customers. This should be done using direct assignment based on accounting records where available. Absent specific investment records, attribution based on an allocator logically related to the cost causation should be used. For example, a relationship based on out-of-boundary loops to total loops could be used to apportion investment associated with out-of-boundary services.

Plant-related expense such as maintenance, depreciation, property taxes, general support, network support, and corporate operations should be allocated based on the relative out-of-boundary investment and in-boundary investment. If any such expenses are separately identified they may be directly assigned. The basic traffic separations factors used to apply to in-boundary facilities' cost such as dial equipment minutes, exchange trunk minutes, and conversation minute miles should be adjusted to exclude the usage of out-of-boundary services.

COST/AVERAGE SCHEDULE ISSUE

Issue Number: 8.5 ATTACHMENT B

Average Schedule Reporting Considerations

Average schedule companies that provide local exchange service directly to subscribers outside their frozen study areas, should adjust their data to remove out-of-boundary lines, facilities, etc., so that it is not reported to NECA for pooling purposes. NECA's average schedule pool procedures provide specific instructions on how each element should be adjusted. Listed below are specific areas that require data reporting adjustments when an average schedule company provides out-of-boundary service.

Access Lines and Minutes

Report access lines only for end user customers located within the "frozen" study area and the associated access minutes. Minutes to/from lines used to provide service outside the study area boundary are excluded.

Line Haul

If a local switch serves out-of-boundary subscribers exclusively, then line haul data for all circuits connected to the switch should be excluded from reporting to NECA. If a switch, whether local end office, host, remote or tandem, serves subscribers both inside and outside of the study area boundary, line haul data for circuits connecting the switch to the network must be adjusted to remove the portion serving subscribers outside the study area boundary.

Intertoll Facilities

The calculation of intertoll dial circuits that are reported for average schedule settlements must be adjusted to exclude the portion of intertoll circuits that serve access lines to subscribers outside of the study area boundary.

EXHIBIT H

USF ALGORITHM

EXCHANGE CARRIER NAME: Pine Telephone System, Inc.

W-4375A WAIVER (PTS USF 05-1 A: Charges XLS) Algorithm

AL		2005 - 1 DATA	#VALUE! DATA	Stic DATA	Gran DATA
1.	C&WF plus C&WF portion of Capital Leases assigned Cat 1. [Acct 2410 x (C&WF Cat 1/Acct 2410 Cost Study)] + C&WF Cat 1 of Capital Leases	8,804,933	8,603,396	8,366,498	7,991,091
2.	COE plus COE portion of Capital Leases assigned 4.13. (COE Cat 4.13) + (COE Cat 4.13 of Capital Lease)	1,259,945	1,209,945	1,144,945	1,104,245
3.	"A" Factor - C&WF. AL1/(Acct 2410 + Acct 2680,2410)	0.9063	0.9041	0.9015	0.9018
4.	"B" Factor - COE. AL2/[Accts (2210+2220+2230)+(2680, 2230)]	0.4766	0.4666	0.4528	0.4856
5.	"C" Factor - C&WF Gross Allocator. AL1/Acct 2001	0.6219	0.6186	0.6148	0.6207
6.	"D" Factor - COE Gross Allocator. AL2/Acct 2001	0.0890	0.0870	0.0841	0.0858
7.	Mat. & Suppl. Assigned to C&WF Cat 1 AL5 x Acct 1220	32,918	32,742	32,543	32,857
8.	Materials & Supplies Assigned to COE Cat 4.13. AL6 x Acct 1220	4,710	4,605	4,453	4,540
9.	C&WF Cat 1 assignment of Accumulated Depr and Net Noncurrent Def. Oper. Income Taxes. AL3 x [(Accts 3100,2410 + 4340,2410) + (Accts 2680,2410/2680) x Acct 3400]	(2,631,851)	(2,616,981)	(2,600,708)	(2,582,972)
10.	COE Cat 4.13 assignment of Accumulated Depr and Net Noncurrent Def. Oper. Income Taxes. AL4 x [(Accts 3100,COE + 4340,COE) + ((Accts 2680,COE/2680) x Acct 3400)]	(707,108)	(691,019)	(668,534)	(707,810)
11.	"E" Factor - Net CW&F Allocator. (AL1 + AL7 - AL9)/Accts (2001+1220-3100-4340)	0.6986	0.6962	0.6935	0.7098
12.	"F" Factor - Net COE Allocator. (AL2 + AL8 - AL10)/Accts (2001+1220-3100-4340)	0.0628	0.0606	0.0575	0.0523
13.	C&WF Maintenance Expense assigned Cat 1 AL3 x (Acct 6410- Benefits - Rents)	51,041	50,921	50,773	50,791
14.	COE Maintenance Expense assigned Cat 4.13 AL4 x (Accts 6210 thru 6230- Benefits - Rents)	88,522	86,648	84,101	90,190
15.	General Support Expenses assigned C&WF Cat 1 and COE Cat 4.13. (AL5 + AL6) x (Accts 6110 + 6120 - Benefits - Rents)	110,264	109,440	108,412	109,588
16.	Network Operation Expense assigned CW&F Cat 1 and COE Cat 4.13. (AL5 + AL6) x (Accts 6530 - Benefits)	20,156	20,005	19,817	20,032
17.	Depreciation Expense assigned to C&WF Cat 1. AL3 x [(Acct 6560,241)+(Acct 2680,241/	402,293	392,667	382,869	364,350

EXCHANGE CARRIER NAME: Pine Telephone System, Inc.

SAC: 532392

W-4375A WAIVER (PTS USF 05-1 A: Charges XLS) Algorithm

	2005 - 1 DATA	#VALUE! DATA	Stic DATA	Gran DATA		
18.	Depreciation Expense assigned to COE Cat 4.13. AL4 x [(Acct 6560,COE)+(Acct 2680,2230/ Acct 2680)xAcct 2680,6560]]	149,726	145,437	138,988	139,928	
19.	Corporate Operations Expenses assigned CW&F Cat 1 and COE Cat 4.13 (AL5 + AL6) x (Acct 6710 + Acct 6720 - Benefits)	255,687	253,778	251,393	254,121	
20.	Operating Taxes assigned C&WF Cat 1 and COE Cat 4.13. (AL5 + AL6) x Acct 7200	127,070	126,121	124,936	126,291	
21.	Benefits assigned C&WF Cat 1 and COE Cat 4.13 (AL5 + AL6) x Benefits	207,594	206,044	204,108	206,323	
22.	Rents assigned C&WF Cat 1 and COE Cat 4.13 (AL5 + AL6) x Rents	2,310	2,293	2,271	2,296	
23.	Return component of C&WF Cat 1 (AL1 + AL7 - AL9) x .1125 (.12 for '90)	698,175	677,155	652,312	612,110	
24.	Return component of COE Cat 4.13. (AL2 + AL8 - AL10) x .1125 (.12 for '90)	62,724	58,897	54,097	45,110	
25.	Unseparated USF costs for the Study Area. Sum of lines AL13 thru AL24	\$2,175,561	\$2,129,407	\$2,074,078	\$2,021,130	
26.	Study Area USF costs per Loop AL25/Loops	\$1,890.15	\$1,858.12	\$1,861.83	\$1,945.27	
27.	National Average	\$305.74	\$305.74	\$305.74	\$305.74	
28.	National Average X 1.15	\$351.60	\$351.60	\$351.60	\$351.60	
29.	National Average X 1.50	\$458.61	\$458.61	\$458.61	\$458.61	
30.	Amount of cost per loop over 150% of National Average	\$1,431.54	\$1,399.51	\$1,403.22	\$1,486.66	
31.	Applicable loop cost between 115%-150%	\$107.01	\$107.01	\$107.01	\$107.01	
32.	Expense adjustment at .65 rate	\$69.56	\$69.56	\$69.56	\$69.56	
33.	Expense adjustment at .75 rate	\$1,073.65	\$1,049.63	\$1,052.41	\$1,114.99	
34.	Total expense adjustment	\$1,122,632.30	\$1,093,447.77	\$1,060,262.21	\$1,030,556.05	
USF SUPPORT		100.00%	1,122,632	1,093,448	1,060,262	1,030,556
				29,185	33,186	29,706

National Exchange Carrier Association, Inc.
Universal Service Fund
Data Collection Form

STUDY AREA: 532392

EXCHANGE CARRIER NAME: Pine Telephone System, Inc.

CONTACT:
PHONE:

Region: 5 PACIFIC

=====	=====	=====	=====	=====	=====
Description	Latest View 2005 - 1 Amount	Less OTC	Less OTC & Stices Gulch	Less OTC, SG. & Granite	
=====	=====	=====	=====	=====	=====
II.	WORKING LOOPS				
60 Total Loops (Cat 1.1, 1.2 and 1.3)	1,151	1,146	1,114	1,039	
70 Category 1.3 Loops (Excluding Cat 1.3 TWX Loops)	982	977	945	870	
III.	INVESTMENT, EXPENSE AND TAXES				
	NET PLANT INVESTMENT				
160 Acct 2001 - Telephone Plant in Service	14,158,750	13,908,750	13,608,750	12,873,698	
170 Acct 1220 - Material and Supplies	52,933	52,933	52,933	52,933	
190 Acct 3100 - Accumulated Depreciation	5,295,218	5,283,218	5,268,818	5,228,448	
195 Acct 3400 - Accumulated Amortizable Depreciation	0	0	0	0	
210 Acct 4340 - Net Noncurrent Deferred Operating Income Taxes	32,461	32,461	32,461	32,461	
220 Net Plant Investment	8,884,004	8,646,004	8,360,404	7,665,722	
	SELECTED PLANT ACCOUNTS				
230 Acct 2210 - Central Office Switching Equipment	838,579	838,579	838,579	648,070	
235 Acct 2220 - Operator System Equipment	0	0	0	0	
240 Acct 2230 - Central Office Transmission Equipment	1,804,761	1,754,761	1,689,761	1,625,777	
245 Total Central Office Equipment	2,643,340	2,593,340	2,528,340	2,273,847	
250 Circuit Equipment Category 4.13	1,259,945	1,209,945	1,144,945	1,104,245	

National Exchange Carrier Association, Inc.
Universal Service Fund
Data Collection Form

STUDY AREA: 532392

EXCHANGE CARRIER NAME: Pine Telephone System, Inc.

CONTACT:
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Region: 5 PACIFIC

Description	Latest View 2005 - 1 Amount	Less OTC	Less OTC & Stices Gulch	Less OTC, SG, & Granite
255 Acct 2410 - Cable and Wire Facilities Total	9,715,678	9,515,678	9,280,678	8,861,119
260 Acct 3100 (2210) - Accumulated Depreciation Central Office Switching Equipment	443,982	443,982	443,982	431,980
265 Acct 3100 (2220) - Accumulated Depreciation Operator System Equipment	0	0	0	0
270 Acct 3100 (2230) - Accumulated Depreciation Central Office Transmission Equipment	1,050,017	1,047,617	1,042,817	1,036,034
275 Acct 3100 (2210-2230) - Total Accumulated Depreciation Central Office Equipment	1,493,999	1,491,599	1,486,799	1,468,014
280 Acct 3100 (2410) - Accumulated Depreciation Cable and Wire Facilities	2,896,744	2,887,144	2,877,544	2,856,858
310 Acct 4340 (2210) - Net Noncurrent Deferred Operating Income Taxes - Central Office Switching Equipment	18,344	18,344	18,344	18,344
315 Acct 4340 (2220) - Net Noncurrent Deferred Operating Income Taxes - Operator System Equipment	0	0	0	0
320 Acct 4340 (2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Transmission Equipment	(28,844)	(28,844)	(28,844)	(28,844)
325 Acct 4340 (2210-2230) Net Noncurrent Deferred Operating Income Taxes - Central Office Equipment (Sum of 4340 (2210) through (2230))	(10,500)	(10,500)	(10,500)	(10,500)
330 Acct 4340 (2410) - Net Noncurrent Deferred Operating Income Taxes - Cable and Wire Facilities	7,335	7,335	7,335	7,335

National Exchange Carrier Association, Inc.
Universal Service Fund
Data Collection Form

STUDY AREA: 532392

EXCHANGE CARRIER NAME: Pine Telephone System, Inc.

CONTACT:
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Region: 5 PACIFIC

Description	Latest View 2005 - 1 Amount	Less OTC	Less OTC & Stices Gulch	Less OTC, SG, & Granite
PLANT SPECIFIC OPERATION EXPENSE				
335 Acct 6110 - Network Support Expense Total	0	0	0	0
340 Acct 6110 - Benefits Portion of Network Support Expense	0	0	0	0
345 Acct 6110 - Rents Portion of Network Support Expense	0	0	0	0
350 Acct 6120 - General Support Expense Total	220,966	220,966	220,966	220,966
355 Acct 6120 - Benefits Portion of General Support Expense	62,603	62,603	62,603	62,603
360 Acct 6120 - Rents Portion of General Support Expense	3,250	3,250	3,250	3,250
365 Acct 6210 - Central Office Switching Expense - Total	39,028	39,028	39,028	39,028
370 Acct 6210 - Benefits Portion of Central Office Switching Expense	15,837	15,837	15,837	15,837
375 Acct 6210 - Rents Portion of Central Office Switching Expense	0	0	0	0
380 Acct 6220 - Operator System Expense - Total	0	0	0	0
385 Acct 6220 - Benefits Portion of Operator System Expense	0	0	0	0
390 Acct 6220 - Rents Portion of Operator System Expense	0	0	0	0
395 Acct 6230 - Central Office Expense - Transmission Equipment - Total	186,068	186,068	186,068	186,068
400 Acct 6230 - Benefits Portion of Central Office Expense - Transmission Equipment	23,541	23,541	23,541	23,541
405 Acct 6230 - Rents Portion of Central Office Expense - Transmission Equipment	0	0	0	0

National Exchange Carrier Association, Inc.
Universal Service Fund
Data Collection Form

STUDY AREA: 532392

EXCHANGE CARRIER NAME: Pine Telephone System, Inc.

CONTACT:
PHONE:

Region: 5 PACIFIC

Description	Latest View 2005 - 1 Amount	Less OTC	Less OTC & Stices Gulch	Less OTC, SG. & Granite
410 Accts 6210 - 6230 - Central Office Expense Total	225,096	225,096	225,096	225,096
430 Acct 6410 - Cable and Wire Facilities Expense - Total	73,940	73,940	73,940	73,940
435 Acct 6410 - Benefits Portion of Cable and Wire Facilities Expense	17,619	17,619	17,619	17,619
440 Acct 6410 - Rents Portion of Cable and Wire Facilities Expense	0	0	0	0
445 Total Plant Specific Expense	520,002	520,002	520,002	520,002
PLANT NON SPECIFIC EXPENSE				
450 Acct 6530 - Network Operations Expense - Total	41,822	41,822	41,822	41,822
455 Acct 6530 - Benefits Portion of Network Operations Expense	13,468	13,468	13,468	13,468
DEPRECIATION & AMORTIZATION EXPENSES				
510 Acct 6560 (2210)-Depreciation and Amortization Expense - Central Office Switching Equipment	119,186	119,186	119,186	107,184
515 Acct 6560 (2220)-Depreciation and Amortization Expense - Operator System Equipment	0	0	0	0
520 Acct 6560 (2230)-Depreciation and Amortization Expense - Central Office Transmission Equipment	194,936	192,536	187,736	180,954
525 Acct 6560 (2210-2230) - Depreciation and Amortization Central Office Equipment	314,122	311,722	306,922	288,138
530 Acct 6560 (2410)-Depreciation and Amortization Expense - Cable and Wire Facilities	443,904	434,304	424,704	404,019

National Exchange Carrier Association, Inc.
Universal Service Fund
Data Collection Form

STUDY AREA: 532392

EXCHANGE CARRIER NAME: Pine Telephone System, Inc.

CONTACT:
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Region: 5 PACIFIC

Description	Latest View 2005 - 1 Amount	Less OTC	Less OTC & Stices Gulch	Less OTC, SG, & Granite
CORPORATE OPERATIONS EXPENSE				
535 Acct 6710 - Executive and Planning Expense - Total	0	0	0	0
540 Acct 6710 - Benefits Portion Executive and Planning Expense	0	0	0	0
550 Acct 6720 - General Administrative Expense - Total	477,123	477,123	477,123	477,123
555 Acct 6720 - Benefits Portion of General Administrative Expense	117,436	117,436	117,436	117,436
565 Total Corporate Operations Expense	477,123	477,123	477,123	477,123
OTHER EXPENSE				
600 Benefits Portion of All Operating Expenses - Total	292,033	292,033	292,033	292,033
610 Rents Portion of All Operating Expenses - Total	3,250	3,250	3,250	3,250
TAXES				
650 Acct 7200 - Operating Taxes	178,755	178,755	178,755	178,755
IV. PART 36 - COST STUDY DATA				
700 Cost Study Average Cable and Wire Facilities Acct 2410	8,994,595	8,794,595	8,559,595	8,140,036
710 Cost Study Average Cable and Wire Facilities Cat 1 - Total Exchange Line C&WF Excluding Wide Band	8,151,444	7,951,444	7,716,444	7,340,807
V. AMORTIZABLE TANGIBLE ASSETS (REFER TO INSTRUCTIONS PRIOR TO COMPLETING THIS SECTION)				
800 Acct 2680 - Amortizable Tangible Assets	0	0	0	0

National Exchange Carrier Association, Inc.
Universal Service Fund
Data Collection Form

STUDY AREA: 532392

EXCHANGE CARRIER NAME: Pine Telephone System, Inc.

CONTACT:
PHONE:

Region: 5 PACIFIC

Description	Latest View 2005 - 1 Amount	Less OTC	Less OTC & Stices Gulch	Less OTC, SG, & Granite
805 Acct 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment	0	0	0	0
810 Acct 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment Allocated to Category 4.13	0	0	0	0
815 Acct 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities	0	0	0	0
820 Acct 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities Allocated to Category 1	0	0	0	0
830 Acct 6560 (2680)-Depreciation and Amortization Expense - Amortizable Tangible Assets	0	0	0	0

EXHIBIT I

USF ALGORITHM

EXCHANGE CARRIER NAME: OREGON TELEPHONE CORP.

SAC: 532389

GVNW
27-Apr-06

AL		2005-1 DATA	Revised DATA BEFORE CORP. LIMITATION	Revised DATA AFTER CORP. LIMITATION		2005-1 DATA	Revised DATA BEFORE CORP. LIMITATION	Revised DATA AFTER CORP. LIMITATION
1.	C&WF plus C&WF portion of Capital Leases assigned Cat 1. [Acct 2410 x (C&WF Cat 1/Acct 2410 Cost Study)] + C&WF Cat 1 of Capital Leases	2,457,239	2,659,178	2,659,178	18.	Depreciation Expense assigned to COE Cat 4.13. AL4 x [(Acct 6560.COE)+(Acct 2680.2230/Acct 2680)xAcct 2680.6560]	121,641	121,641
2.	COE plus COE portion of Capital Leases assigned 4.13. (COE Cat 4.13) + (COE Cat 4.13 of Capital Lease)	1,458,949	1,458,949	1,458,949	19.	Corporate Operations Expenses assigned CW&F Cat 1 and COE Cat 4.13 (AL5 + AL6) x (Acct 6710 + Acct 6720 - Benefits)	244,349	251,059
3.	"A" Factor - C&WF. AL1/(Acct 2410 + Acct 2680.2410)	0.6053	0.6243	0.6243	20.	Operating Taxes assigned C&WF Cat 1 and COE Cat 4.13. (AL5 + AL6) x Acct 7200	155,988	160,272
4.	"B" Factor - COE. AL2/[Accts (2210+2220+2230)+(2680.2230)]	0.4184	0.4184	0.4184	21.	Benefits assigned C&WF Cat 1 and COE Cat 4.13 (AL5 + AL6) x Benefits	84,747	87,074
5.	"C" Factor - C&WF Gross Allocator. AL1/Acct 2001	0.2882	0.3048	0.3048	22.	Rents assigned C&WF Cat 1 and COE Cat 4.13 (AL5 + AL6) x Rents	12,486	12,829
6.	"D" Factor - COE Gross Allocator. AL2/Acct 2001	0.1711	0.1672	0.1672	23.	Return component of C&WF Cat 1 (AL1 + AL7 - AL9) x .1125 (.12 for '90)	129,543	146,988
7.	Mat. & Suppl. Assigned to C&WF Cat 1 AL5 x Acct 1220	3,257	3,444	3,444	24.	Return component of COE Cat 4.13. (AL2 + AL8 - AL10) x .1125 (.12 for '90)	22,107	22,102
8.	Materials & Supplies Assigned to COE Cat 4.13. AL6 x Acct 1220	1,934	1,890	1,890	25.	Unseparated USF costs for the Study Area. Sum of lines AL13 thru AL24	\$1,130,099	\$1,175,186
9.	C&WF Cat 1 assignment of Accumulated Depr and Net Noncurrent Def. Oper. Income Taxes. AL3 x [(Accts 3100.2410 + 4340.2410) + (Accts 2680.2410/2680) x Acct 3400]	(1,309,005)	(1,356,064)	(1,356,064)	26.	Study Area USF costs per Loop AL25/Loops	\$609.22	\$631.82
10.	COE Cat 4.13 assignment of Accumulated Depr and Net Noncurrent Def. Oper. Income Taxes. AL4 x [(Accts 3100.COE + 4340.COE) + ((Accts 2680.COE/2680) x Acct 3400)]	(1,264,373)	(1,264,373)	(1,264,373)	27.	National Average	\$305.74	\$305.74
11.	"E" Factor - Net CW&F Allocator. (AL1 + AL7 - AL9)/Accts (2001+1220-3100-4340)	0.4426	0.4680	0.4680	28.	National Average X 1.15	\$351.60	\$351.60
12.	"F" Factor - Net COE Allocator. (AL2 + AL8 - AL10)/Accts (2001+1220-3100-4340)	0.0755	0.0704	0.0704	29.	National Average X 1.50	\$458.61	\$458.61
13.	C&WF Maintenance Expense assigned Cat 1 AL3 x (Acct 6410- Benefits - Rents)	66,632	68,722	68,722	30.	Amount of cost per loop over 150% of National Average	\$150.61	\$173.21
14.	COE Maintenance Expense assigned Cat 4.13 AL4 x (Accts 6210 thru 6230 - Benefits - Rents)	94,095	94,095	94,095	31.	Applicable loop cost between 115%-150%	\$107.01	\$107.01
15.	General Support Expenses assigned C&WF Cat 1 and COE Cat 4.13. (AL5 + AL6) x (Accts 6110 + 6120 - Benefits - Rents)	16,559	17,013	17,013	32.	Expense adjustment at .65 rate	\$69.56	\$69.56
16.	Network Operation Expense assigned CW&F Cat 1 and COE Cat 4.13. (AL5 + AL6) x (Accts 6530 - Benefits)	67,270	69,117	69,117	33.	Expense adjustment at .75 rate	\$112.96	\$129.91
17.	Depreciation Expense assigned to C&WF Cat 1. AL3 x [(Acct 6560.241)+(Acct 2680.241/	114,682	124,273	124,273	34.	Total expense adjustment	\$331,806.10	\$363,622.02
						USF SUPPORT	100.00%	331,806
							363,622	363,622

National Exchange Carrier Association, Inc.
Universal Service Fund
2005 Data Collection Form

STUDY AREA: 532389

NAME: OREGON TELEPHONE CORP.

CONTACT:
PHONE:

REGION: 5 PACIFIC

COLLECTION PERIOD:

=====	=====	=====	=====	=====
Description	Latest View	2005-1 Amount	2005-1 Amount	Revised for PTS
=====	=====	=====	=====	=====
II.	WORKING LOOPS			
	60 Total Loops (Cat 1.1, 1.2 and 1.3)	1,855		1,860
	70 Category 1.3 Loops (Excluding Cat 1.3 TWX Loops)	1,818		1,823
III.	INVESTMENT, EXPENSE AND TAXES			
	NET PLANT INVESTMENT			
	160 Acct 2001 - Telephone Plant in Service	8,525,069		8,725,069
	170 Acct 1220 - Material and Supplies	11,300		11,300
	190 Acct 3100 - Accumulated Depreciation	6,083,116		6,092,716
	195 Acct 3400 - Accumulated Amortizable Depreciation	0		0
	210 Acct 4340 - Net Noncurrent Deferred Operating Income Taxes	(148,172)		(148,172)
	220 Net Plant Investment	2,601,425		2,791,825
	SELECTED PLANT ACCOUNTS			
	230 Acct 2210 - Central Office Switching Equipment	1,475,539		1,475,539
	235 Acct 2220 - Operator System Equipment	0		0
	240 Acct 2230 - Central Office Transmission Equipment	2,011,673		2,011,673
	245 Total Central Office Equipment	3,487,212		3,487,212
	250 Circuit Equipment Category 4.13	1,458,949		1,458,949

National Exchange Carrier Association, Inc.
Universal Service Fund
2005 Data Collection Form

STUDY AREA: 532389

NAME: OREGON TELEPHONE CORP.

CONTACT:
PHONE:

REGION: 5 PACIFIC

COLLECTION PERIOD:

Description	Latest View 2005-1 Amount	2005-1 Amount Revised for PTS
255 Acct 2410 - Cable and Wire Facilities Total	4,059,713	4,259,713
260 Acct 3100 (2210) - Accumulated Depreciation Central Office Switching Equipment	1,458,408	1,458,408
265 Acct 3100 (2220) - Accumulated Depreciation Operator System Equipment	0	0
270 Acct 3100 (2230) - Accumulated Depreciation Central Office Transmission Equipment	1,624,334	1,624,334
275 Acct 3100 (2210-2230) - Total Accumulated Depreciation Central Office Equipment	3,082,742	3,082,742
280 Acct 3100 (2410) - Accumulated Depreciation Cable and Wire Facilities	2,233,227	2,242,827
310 Acct 4340 (2210) - Net Noncurrent Deferred Operating Income Taxes - Central Office Switching Equipment	(25,646)	(25,646)
315 Acct 4340 (2220) - Net Noncurrent Deferred Operating Income Taxes - Operator System Equipment	0	0
320 Acct 4340 (2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Transmission Equipment	(34,964)	(34,964)
325 Acct 4340 (2210-2230) Net Noncurrent Deferred Operating Income Taxes - Central Office Equipment (Sum of 4340 (2210) through (2230))	(60,610)	(60,610)
330 Acct 4340 (2410) - Net Noncurrent Deferred Operating Income Taxes - Cable and Wire Facilities	(70,561)	(70,561)

National Exchange Carrier Association, Inc.
Universal Service Fund
2005 Data Collection Form

STUDY AREA: 532389

NAME: OREGON TELEPHONE CORP.

CONTACT:
PHONE:

REGION: 5 PACIFIC

COLLECTION PERIOD:

Description	Latest View 2005-1 Amount	2005-1 Amount Revised for PTS
PLANT SPECIFIC OPERATION EXPENSE		
335 Acct 6110 - Network Support Expense Total	22,481	22,481
340 Acct 6110 - Benefits Portion of Network Support Expense	0	0
345 Acct 6110 - Rents Portion of Network Support Expense	22,481	22,481
350 Acct 6120 - General Support Expense Total	40,091	40,091
355 Acct 6120 - Benefits Portion of General Support Expense	4,045	4,045
360 Acct 6120 - Rents Portion of General Support Expense	0	0
365 Acct 6210 - Central Office Switching Expense - Total	112,758	112,758
370 Acct 6210 - Benefits Portion of Central Office Switching Expense	17,490	17,490
375 Acct 6210 - Rents Portion of Central Office Switching Expense	0	0
380 Acct 6220 - Operator System Expense - Total	0	0
385 Acct 6220 - Benefits Portion of Operator System Expense	0	0
390 Acct 6220 - Rents Portion of Operator System Expense	0	0
395 Acct 6230 - Central Office Expense - Transmission Equipment - Total	139,374	139,374
400 Acct 6230 - Benefits Portion of Central Office Expense - Transmission Equipment	9,734	9,734
405 Acct 6230 - Rents Portion of Central Office Expense - Transmission Equipment	0	0

National Exchange Carrier Association, Inc.
Universal Service Fund
2005 Data Collection Form

STUDY AREA: 532389

NAME: OREGON TELEPHONE CORP.

CONTACT:
PHONE:

REGION: 5 PACIFIC

COLLECTION PERIOD:

Description	Latest View 2005-1 Amount	2005-1 Amount Revised for PTS
410 Accts 6210 - 6230 - Central Office Expense Total	252,132	252,132
430 Acct 6410 - Cable and Wire Facilities Expense - Total	132,347	132,347
435 Acct 6410 - Benefits Portion of Cable and Wire Facilities Expense	17,563	17,563
440 Acct 6410 - Rents Portion of Cable and Wire Facilities Expense	4,699	4,699
445 Total Plant Specific Expense	447,051	447,051
PLANT NON SPECIFIC EXPENSE		
450 Acct 6530 - Network Operations Expense - Total	162,136	162,136
455 Acct 6530 - Benefits Portion of Network Operations Expense	15,698	15,698
DEPRECIATION & AMORTIZATION EXPENSES		
510 Acct 6560 (2210)-Depreciation and Amortization Expense - Central Office Switching Equipment	86,922	86,922
515 Acct 6560 (2220)-Depreciation and Amortization Expense - Operator System Equipment	0	0
520 Acct 6560 (2230)-Depreciation and Amortization Expense - Central Office Transmission Equipment	203,828	203,828
525 Acct 6560 (2210-2230) - Depreciation and Amortization Central Office Equipment	290,750	290,750
530 Acct 6560 (2410)-Depreciation and Amortization Expense - Cable and Wire Facilities	189,472	199,072

National Exchange Carrier Association, Inc.
Universal Service Fund
2005 Data Collection Form

STUDY AREA: 532389

NAME: OREGON TELEPHONE CORP.

CONTACT:
PHONE:

REGION: 5 PACIFIC

COLLECTION PERIOD:

=====	=====	=====	=====	=====
Description	Latest View 2005-1 Amount	2005-1 Amount Revised for PTS		
=====	=====	=====		
CORPORATE OPERATIONS EXPENSE				
535 Acct 6710 - Executive and Planning Expense - Total	0	0		
540 Acct 6710 - Benefits Portion Executive and Planning Expense	0	0		
550 Acct 6720 - General Administrative Expense - Total	640,711	640,711		
555 Acct 6720 - Benefits Portion of General Administrative Expense	108,793	108,793		
565 Total Corporate Operations Expense	640,711	640,711		
OTHER EXPENSE				
600 Benefits Portion of All Operating Expenses - Total	184,484	184,484		
610 Rents Portion of All Operating Expenses - Total	27,180	27,180		
TAXES				
650 Acct 7200 - Operating Taxes	339,568	339,568		
IV. PART 36 - COST STUDY DATA				
700 Cost Study Average Cable and Wire Facilities Acct 2410	3,957,573	4,157,573		
710 Cost Study Average Cable and Wire Facilities Cat 1 - Total Exchange Line C&WF Excluding Wide Band	2,395,416	2,595,416		
V. AMORTIZABLE TANGIBLE ASSETS (REFER TO INSTRUCTIONS PRIOR TO COMPLETING THIS SECTION)				
800 Acct 2680 - Amortizable Tangible Assets	0	0		

National Exchange Carrier Association, Inc.
Universal Service Fund
2005 Data Collection Form

STUDY AREA: 532389

NAME: OREGON TELEPHONE CORP.

CONTACT:
PHONE:

REGION: 5 PACIFIC

COLLECTION PERIOD:

Description	Latest View 2005-1 Amount	2005-1 Amount Revised for PTS
805 Acct 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment	0	0
810 Acct 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment Allocated to Category 4.13	0	0
815 Acct 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities	0	0
820 Acct 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities Allocated to Category 1	0	0
830 Acct 6560 (2680)-Depreciation and Amortization Expense - Amortizable Tangible Assets	0	0

EXHIBIT J



Oregon

Theodore R. Kulongoski, Governor

Public Utility Commission

550 Capitol Street NE, Suite 215

Mailing Address: PO Box 2148

Salem, OR 97308-2148

Consumer Services

1-800-522-2404

Local: 503-378-6600

Administrative Services

503-373-7394

April 3, 2006

Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554
Attention: Wireline Competition Bureau

**RE: Federal Study Area Waivers:
Qwest Corporation,
Pine Telephone System, Inc., and
Oregon Telephone Corporation**

The Public Utility Commission of Oregon (OPUC) supports granting federal study area waivers to Qwest Corporation (Qwest), Pine Telephone Systems, Inc. (Pine Telephone) and Oregon Telephone Corporation (Oregon Telephone). The OPUC has regulatory authority over the allocated service territories of these companies. In the past, the OPUC granted applications for the transfer of territory between the companies finding the transfers in the public interest. Qwest, Pine Telephone and Oregon Telephone have now informed the OPUC that a study area waiver from the Federal Communications Commission (FCC) is required. The study area waivers allow Pine Telephone and Oregon Telephone to include the costs and revenues associated with providing service in their interstate tariffs and in Universal Service Fund (USF) data reports.

In 1999, the OPUC approved Qwest's and Pine Telephone's applications to transfer rights to exclusively served territory in and near Granite, Oregon, from Qwest to Pine Telephone (OPUC Orders 99-463 and 99-464). Pine Telephone's access to low cost funding from the Rural Utilities Service ("RUS") and to universal service support mechanisms made it more economically feasible for Pine Telephone to serve the territory than Qwest.

In 2000, the OPUC approved similar applications from Qwest and Pine Telephone to transfer rights to exclusively served territory at Stices Gulch from Qwest to Pine Telephone for the same reasons as stated above. (OPUC Orders 00-416 and 00-420).

In 2004, the OPUC approved an application by Pine Telephone and Oregon Telephone to transfer currently unserved portions of their allocated service territories to each other (OPUC

RECEIVED APR 07 2006

Re: Federal Study Area Waivers

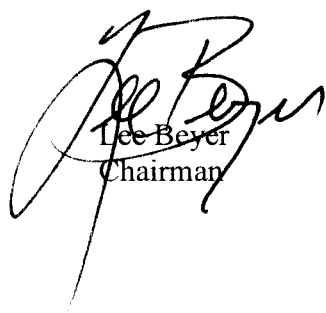
Page 2

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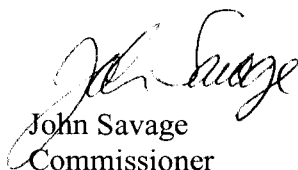
Order 04-204). Specifically, Pine Telephone proposed to acquire from Oregon Telephone the right to serve certain unserved territory located adjacent to the northern part of the Stices Gulch portion of Pine Telephone's Granite Exchange, and to incorporate this territory into its Granite Exchange. In turn, Oregon Telephone proposed to acquire from Pine Telephone certain unserved territory in the southern portion of the Stices Gulch portion of Pine Telephone's Granite Exchange, and to incorporate this territory into Oregon Telephone's Hereford-Unity Exchange.

The OPUC supports granting federal study area waivers to Qwest, Pine Telephone and Oregon Telephone to reflect the changes resulting from (a) the creation of the Granite Exchange (Order No. 99-464), (b) the expansion of the Granite Exchange (Order No. 00-420), and (c) the transfer of territory between the Pine Telephone Granite Exchange and the Oregon Telephone Hereford-Unity Exchange (Order No. 04-204).

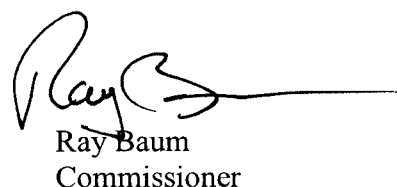
Thank you for your consideration of this matter.



Lee Beyer
Chairman



John Savage
Commissioner



Ray Baum
Commissioner

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

(1) LOCKBOX # 358140		SPECIAL USE ONLY FCC USE ONLY	
SECTION A - PAYER INFORMATION			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$6,840.00	
(4) STREET ADDRESS LINE NO. 1 2120 L Street			
(5) STREET ADDRESS LINE NO. 2			
(6) CITY Washington		(7) STATE DC	(8) ZIP CODE 20037
(9) DAYTIME TELEPHONE NUMBER (include area code) (202) 659-0830		(10) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(11) PAYER (FRN) 0003714193		(12) FCC USE ONLY	
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(13) APPLICANT NAME Qwest Corporation, Pine Telephone Systems, Inc. and Oregon Telephone Corporation			
(14) STREET ADDRESS LINE NO. 1 One Telephone Drive			
(15) STREET ADDRESS LINE NO. 2 P.O. Box 609			
(16) CITY Mt. Vernon		(17) STATE OR	(18) ZIP CODE 97865-0609
(19) DAYTIME TELEPHONE NUMBER (include area code) (541)932-4411		(20) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(21) APPLICANT (FRN) 0003738986		(22) FCC USE ONLY	
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE BEA	(25A) QUANTITY <div style="text-align: right;">1</div>	
(26A) FEE DUE FOR (PTC) <div style="text-align: right;">\$6,840.00</div>	(27A) TOTAL FEE <div style="text-align: right;">\$6,840.00</div>	FCC USE ONLY	
(28A) FCC CODE 1		(29A) FCC CODE 2	
(23b) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY	
(28B) FCC CODE 1		(29B) FCC CODE 2	
SECTION D - CERTIFICATION			
CERTIFICATION STATEMENT I, _____, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief. SIGNATURE _____ DATE _____			
SECTION E - CREDIT CARD PAYMENT INFORMATION			
MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____			
ACCOUNT NUMBER _____		EXPIRATION DATE _____	
I hereby authorize the FCC to charge my credit card for the service(s) authorization herein described.			
SIGNATURE _____		DATE _____	

Blooston, Mordkofsky, Dickens, Duffy & Prendergast

2120 L Street, N.W. Suite 300
Washington, DC 20037-1563
(202) 659-0830

SUNTRUST BANK
CHARLOTTESVILLE, VA 22903
68-2/510

5790

05/04/2006

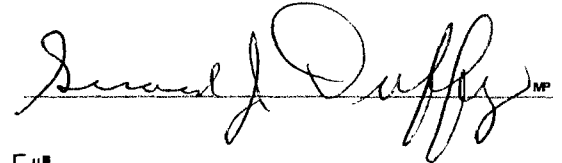
PAY TO THE
ORDER OF Federal Communications Commission

\$**6,840.00

Six Thousand Eight Hundred Forty and 00/100*****

DOLLARS

Federal Communications Commission



Oregon Telephone Corporation Pine Telephone System

⑈005790⑈ ⑆051000020⑆ 206559445⑈

Blooston, Mordkofsky, Dickens, Duffy & Prendergast

5790

Federal Communications Commission

05/04/2006

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
05/04/2006	Bill	0695 4695	6,840.00	6,840.00		6,840.00
				Check Amount		6,840.00

Checking account

Oregon Telephone Corporation Pine Telephone System

6,840.00